

DON Consolidated Card Program Management Division

Update Lesson

# **Travel Cardholder Delinquency Management**

Version 1.0, Slide 1

July 11, 2005

This is a Department of the Navy, Update Lesson for Travel Cardholder Delinquency Management.

Please click the forward arrow now to start your training.

DON Consolidated Card Program Management Division

## Update Lesson Learning Objectives

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Upon successful completion of this lesson, you will be able to:

- Understand the negative financial impact of delinquency
- Understand the importance of creating accurate travel vouchers and filing them promptly
- Understand how Split Disbursement prevents delinquency
- Understand how a Reduced Payment Plan is helpful

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There are eight main objectives for this lesson. Please read the first four now and when you are ready to continue, click the forward arrow.

DON Consolidated Card Program Management Division

## Update Lesson Learning Objectives

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Upon successful completion of this lesson, you will be able to:

- Define Mission Critical
- Understand Misuse and Abuse of the Travel Card
- State disciplinary actions that can take place
- Understand proper Travel Card usage

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July 11, 2005

Here are the remaining four objectives for this lesson. Read them now and when you are ready to continue, please click the forward arrow to begin your training.

# Delinquency

A delinquent account is an account not paid *IN FULL* within **60** days of the statement closing date.

- Account suspended at 60 days past statement date
- Account incurs late fees at 75 days past statement date
  - \$29 every 30 days
  - NOT reimbursable unless in Mission Critical status
- Card Contractor sends a notification letter at 90 days past the statement date that the account will go to Salary Offset, DFAS also send a due process notification at this time
- Salary Offset takes place at 120 days past the statement date and can use up to 15% of your income to pay the account

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A Travel Card account is considered delinquent when the outstanding balance is not paid, in full, 60 days from the statement closing date. Payment is expected even if you have not received your reimbursement.

If not paid, your account will be suspended when it reaches 60 days delinquent. At 75 days delinquent, you will start incurring \$29 late fees every 30 days. These late fees are NOT reimbursable unless you are in Mission Critical status. We will discuss Mission Critical status in more detail later in the lesson.

At 90 days delinquent, Bank of America will issue a notification letter stating that if the account is not paid in full or payment arrangements are not made within 30 days of receiving the letter, Salary Offset goes into effect and the Travel Card is cancelled. Salary Offset is a method that allows the Bank to automatically collect payment on accounts delinquent for more than 120 days. Up to 15% of your monthly disposable income is used to pay the delinquent account.

Please click the forward arrow to continue.

# Delinquency

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How does delinquency affect me?

- It can affect your personal credit
- You may be subject to disciplinary actions
- It could affect your security clearance

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But how does delinquency really affect me, the Cardholder? Delinquency on your Government Travel Card account can affect your personal credit, make you subject to disciplinary actions and possibly affect your security clearance!

Please click the forward arrow for some ways to prevent delinquency.

## Preventing Delinquency

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- Make sure travel vouchers are completed *accurately*
- Make sure travel vouchers are filed *promptly*
- Use *Mandatory Split Disbursement* to avoid delinquency

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Here are three key ways to prevent delinquency:

Make sure your vouchers are completed accurately, if there are errors, it can take longer to be processed for payment.

File your vouchers promptly. The longer you take to file the voucher – the longer it takes to get your reimbursement!

Use mandatory split disbursement.

Click the forward arrow to look at completing vouchers accurately.

## Accurate Vouchers

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- Complete voucher accurately
- Check with APC for training on voucher creation
- List all reimbursable expenses on your voucher
  - Keep track of expenses on TDY and whether they were cash or travel card transactions

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In order to assure that your financial office can process your voucher without delays, make sure the voucher is completed accurately. If you are not sure how to complete the voucher, check with your APC to see what training is available for your particular system or process for voucher creation.

While on travel, keep track of your expenses and how they were paid. For example, you don't want to forget that you paid for parking with your Travel Card, not claim it on your voucher and then get a surprise when you receive your travel card statement.

Click the forward arrow to continue to look at prompt filing of your voucher.

## **File Vouchers Promptly**

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- Travel vouchers should be filed **within 5 days** of completing travel
- Travel vouchers should be filed **every 30 days** for long-term travel

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Travel vouchers should be filed within 5 days of completing travel or every 30 days on long-term travel. Again, the longer you take to file the voucher – the longer it takes to get your reimbursement!

Click the forward arrow to look at the use of Split Disbursement.

## Use Split Disbursement

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- Split Disbursement (SD)
  - Payment goes directly to the Bank
  - Mandatory for all personnel (military & civilian)

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Use of Split Disbursement, or SD, eases your Travel Card payment responsibilities. It allows Defense Finance Accounting Service (DFAS) to send payment directly to the Bank for your expenses paid with your Travel Card. Any remaining reimbursement amount goes directly to you.

Make sure you know the proper way to indicate the amount you want sent to the bank by split disbursement. Remember, this option is mandatory for all military and civilian personnel. By default, if no amount is indicated on your voucher for SD, the amount listed for lodging and transportation will be sent by DFAS to the bank for payment on your account. For your convenience, if you have other charges on your travel card, such as meals or parking, be sure to indicate the correct amount to be sent to the bank for paying your Travel Card account.

If, despite your best efforts, you should find yourself delinquent on your Travel Card account, the bank offers a Reduced Payment Plan. Please click the forward arrow for more information.

## Reduced Payment Plan (RPP)

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- Payment agreement between Cardholder and Bank
- Available to Cardholder before Salary Offset initiation
- Written agreement required
- Travel Card account Suspended

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To avoid Salary Offset, you may choose the Reduced Payment Plan, or RPP. This plan is an agreement between the Cardholder and the Bank.

The Reduced Payment Plan is available anytime before Salary Offset takes place, which is 120 days, and requires a written agreement. During this time, your Travel Card is suspended.

Please click the forward arrow to continue.

## Reduced Payment Plan (RPP)

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- RPP Fees:
  - \$45 set up
  - \$29 (each) late payment
  - \$10 monthly maintenance fee
- APC may request reinstatement with successful completion
- Automatic rollover into Salary Offset upon Cardholder default

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The Reduced Payment Plan has a \$45 set-up fee and late fees of \$29 each. There is also a \$10 monthly maintenance fee that remains in effect until the account is paid in full and aged current.

When a cardholder agrees to sign up for the RPP program, regardless if they have reached/exceeded the 120 day mark, they are agreeing to close their account - Credit Revoked. When the cardholder has fulfilled the RPP agreement and the account is at a zero balance, the APC can submit a request for reinstatement, but is not guaranteed approval due to the fact they were on RPP.

If you default on your payments while in the RPP, the account automatically rolls into Salary Offset and your card will be cancelled.

Please click the forward arrow to review Mission Critical status.

## Mission Critical Status

- Activity in a remote location
- Mission precludes identification as a government employee
- Requested by APC before account 60 days past due
- Orders state “Mission Critical status”

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Mission Critical status is determined by your APC. Reasons may include activity in a remote location, which prevents the Cardholder from filing interim vouchers, or missions which preclude identification as a government employee.

Mission Critical status must be requested by your APC before your account reaches 60 days past due. Your travel orders must state Mission Critical status.

Please click the forward arrow to continue.

## Mission Critical Status

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- Bank will not suspend or cancel an account while in Mission Critical status
- NOTE – Late fees will be charged to all accounts at 75 days delinquent - these fees are reimbursable if the Cardholder is in Mission Critical status
- Requested by APC before account 60 days past due

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During your Mission Critical status, the Bank will not suspend or cancel your account. You will receive notification letters during this time and may have late fees charged to your account.

Once you're removed from Mission Critical status, your account must be settled within 45 days.

If your account has not been designated as being in a Mission Critical status and you feel it fits the criteria listed on the previous slide, talk to your APC!

Please click the forward arrow to look at Misuse and Abuse of the Travel Card.

# Misuse and Abuse

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- Misuse is the inappropriate and unintentional use of the Government Travel Charge Card.
- Abuse is the intentional use of the card for items that are not authorized.
- Fraud includes:
  - Theft or embezzlement from the Government
  - Bribery, receipt or giving of gratuities
  - Conflict of interest, violation of anti-trust laws, as well as false statements and false claims

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Misuse is the inappropriate and unintentional use of the Government Travel Charge Card for items not authorized by the employee's travel orders or the DOD FMR.

Abuse is the intentional use of the card for items that are not authorized by the employee's travel orders or the DOD FMR. Even if you purchase unauthorized items and pay your account in full and on time, it is still considered ABUSE.

Fraud includes theft or embezzlement from the government, bribery, receipt or giving of gratuities, conflict of interest, violation of anti-trust laws, as well as false statement and false claims in the following areas; pay and allowances, procurement, property disposal, subsistence, unauthorized services, non-appropriated funds, foreign military sales, and personnel matters.

Please click the forward arrow to continue to look at some examples of misuse, abuse or fraud and disciplinary actions.

## Misuse and Abuse

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- Some examples of misuse, abuse or fraud:
  - Cash withdrawals or card usage for unofficial travel expenses
  - Failure to file for reimbursement
  - Failure to use reimbursement to pay the Bank

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Some examples of misuse, abuse or fraud include, but are not limited to:

- Withdrawing cash or using the card for non-official travel expenses;
- Using the Travel Card for authorized travel, but not filing for reimbursement; and,
- Receiving reimbursement, but failing to pay the Bank.

Please click the forward arrow to look at a message regarding Misuse & Abuse.

# Misuse and Abuse

## Message for Travel Cardholders

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- Be Smart. Don't Abuse This Card.
- CCPMD Runs and Reviews "Suspected Abuse" Report Every Two Weeks
- Command Program Tells Us **When** You Are On Travel, And What **Exact Charges** You Made
- Command Program Tells Us Charges You Made When You Were **Not** On Travel
- Be Smart. **Don't** Abuse This Card.

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Misuse and abuse of a Government Travel Charge Card can lead to many problems including account delinquencies. The message to you, the cardholder is, we're watching; be smart – don't abuse your card. The CCPMD office runs and reviews Suspected Abuse Reports every two weeks. Delinquencies can be an indicator of more than just late payment problems.

Please click the forward arrow to look at disciplinary actions.

## **Disciplinary Actions**

The effects of delinquency, misuse, abuse & fraud can include:

- Counseling (i.e., financial or supervisor)
- Oral and/or written reprimand

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You have already seen that being delinquent on your Travel Card account can affect your personal credit by going into Salary Offset. You may also be subject to disciplinary actions for delinquency just as you can be for misuse, abuse or fraud.

Disciplinary actions are based on command policy and vary from command to command. Consequences for delinquencies, misuse, abuse & fraud may include counseling as well as oral and/or written reprimand.

Now that you have seen the negative effects of delinquency, misuse, abuse and fraud, click the forward arrow to look at Proper Travel Card Usage.

## Proper Travel Card Usage

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- Authorized government travel expenses
- Lodging, meals and transportation
- Not sure if it is an authorized expense? ASK YOUR APC
- NOT for personal use
- Do not allow anyone else to use your card
- ATM usage for official travel expenses
- Should not be used for PCS
  - Use the PCS travel advance process
- Pay balance on card in full within 30 days of statement date

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Always use the Travel Card for authorized, government related travel expenses, which may include lodging, meals and transportation. If you are not sure if an expense would be authorized, please ask your APC. Do not use the card for personal use and remember, you are the only one authorized to make transactions.

Use the ATM feature of the Travel Card to obtain cash for expenses relating to official government travel. Do not use ATMs to obtain cash for personal expenses even in an emergency. ATM usage fees are 3% of the total amount withdrawn, or \$2, whichever is greater.

Do not use the Travel Card for Permanent Change of Station, or PCS, related expenses. Reimbursement usually takes longer than other travel expenses and PCS move expenses are normally funded by PCS travel advances and advance pay.

And most important, always pay your Travel Card account in FULL within 30 days of the statement, even if you have not received your reimbursement.

Please click the forward arrow to continue.

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## Review of Objectives

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You should now be able to:

- Understand the negative financial impact of delinquency (REVIEW)
- Understand the importance of creating accurate travel vouchers and filing them promptly (REVIEW)
- Understand how the Split Disbursement Option can prevent delinquency (REVIEW)
- Understand how a Reduced Payment Plan is helpful (REVIEW)

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Review the first four lesson objectives listed here. You can click on the word REVIEW to return to the appropriate area of the lesson to review that material. When you are ready, click the forward arrow to continue.

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## Review of Objectives

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You should now be able to:

- Define Mission Critical (REVIEW)
- Understand Misuse and Abuse of the Travel Card (REVIEW)
- State disciplinary actions that can take place (REVIEW)
- Understand proper Travel Card usage (REVIEW)

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Here are the remaining four lesson objectives. Again, you can click on the word REVIEW to return to the appropriate area of the lesson to review that material. When you are ready, click the forward arrow to continue.

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Update Lesson

# **Travel Cardholder Delinquency Management**

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July 11, 2005

This concludes our update lesson for Travel Cardholder Delinquency Management. Click the HOME button to return to the DON CCPMD Travel Card Website on the Travel Card Training Page.